CERTIFICATE REPORT 26/02/2021

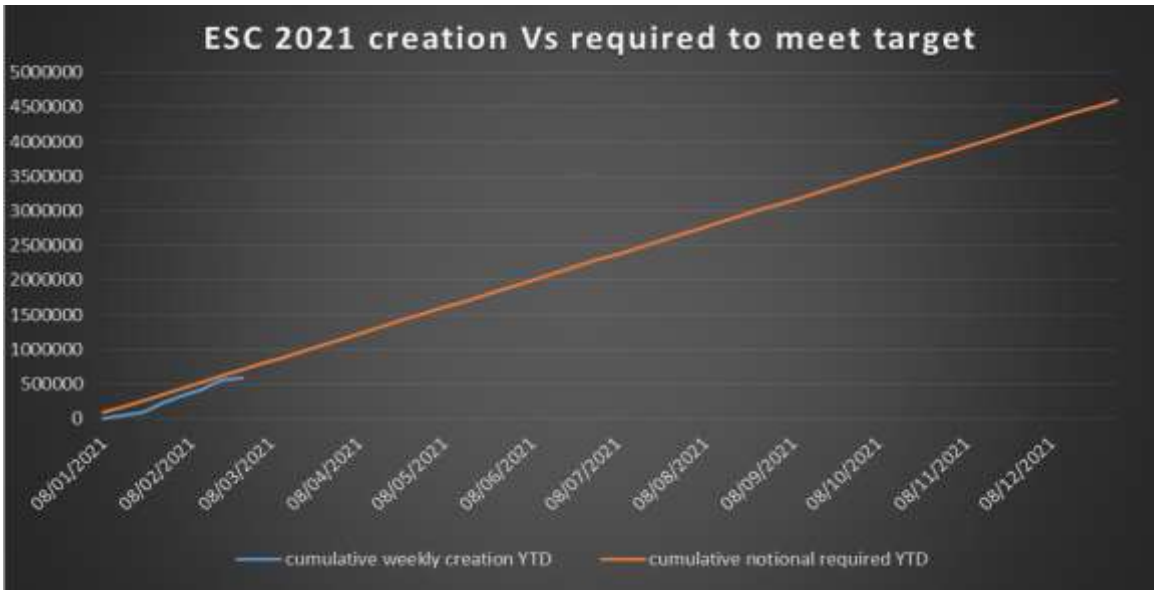
NSW ESCs

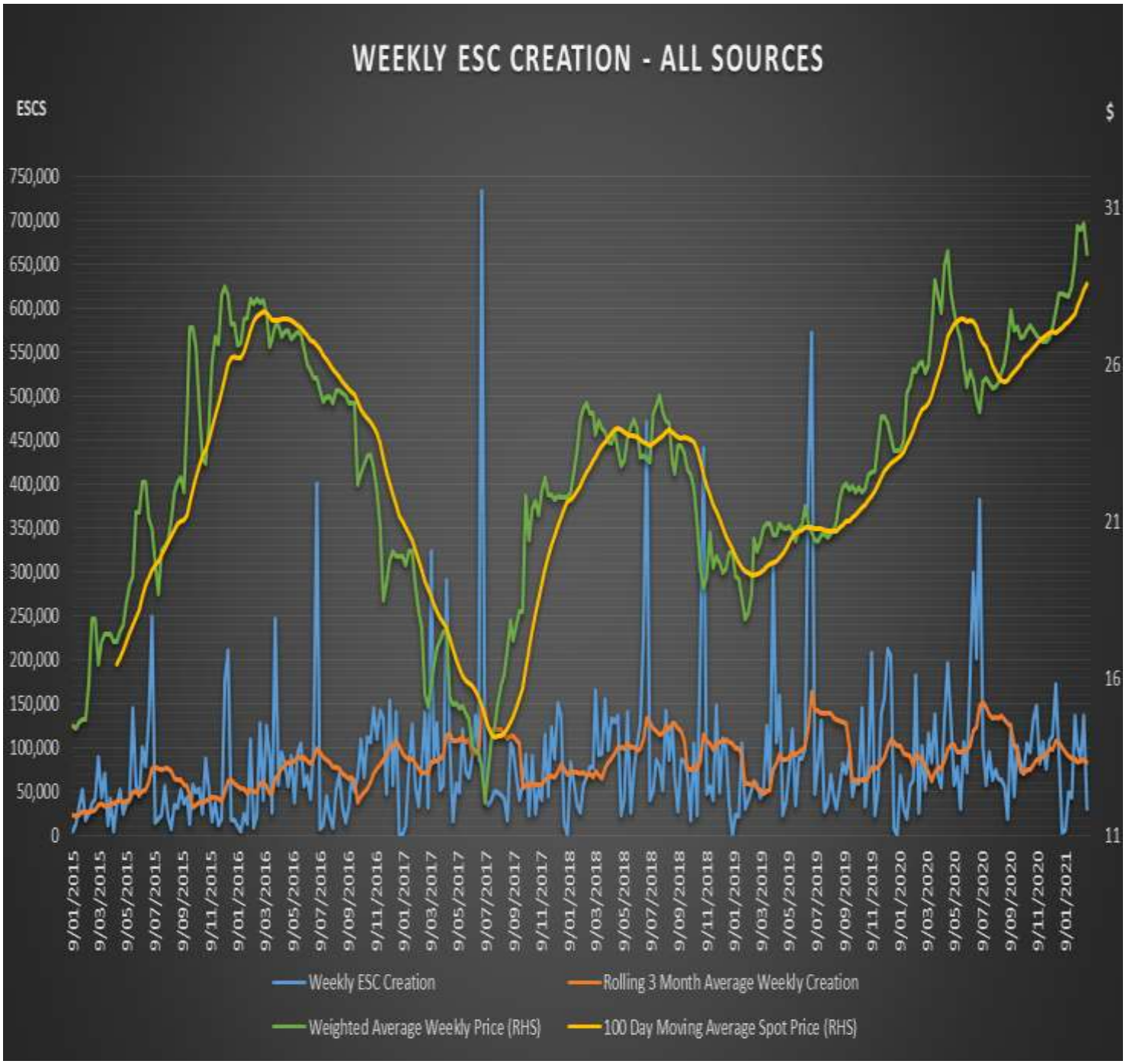
ESC creation dropped while market prices were barely moved.

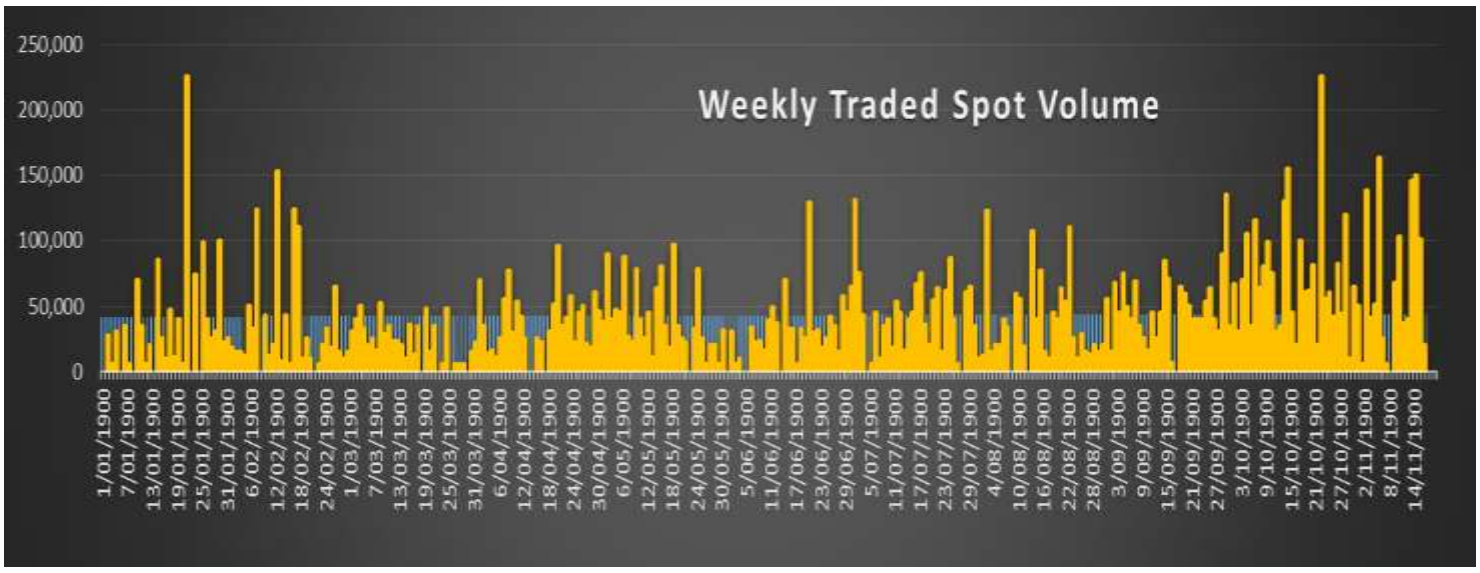
New ESC registration plummeted this week, to 29,750, following two big creation weeks.

The spot market opened at $29.45, a drop of 5 cents, and traded in a very narrow range all week, with a high of $29.65 and an eventual close at $29.55. Turnover was reported as just 20,000 certificates.

In forward trading 80,000 VEECs dealt for delivery between March and September this year. Trades settling in the first half of the year attracted a 10 cents premium to the spot price while those for the second half gained around 20 cents.




WEEKLY ESC CREATION - ALL SOURCES
ESCS
$
750,000
700,000
650,000
600,000
550,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
31
26
21
16
11
9/01/2015
9/03/2015
9/05/2015
9/07/2015
9/09/2015
9/11/2015
9/01/2016
9/03/2016
9/05/2016
9/07/2016
9/09/2016
9/11/2016
9/01/2017
9/03/2017
9/05/2017
9/07/2017
9/09/2017
9/11/2017
9/01/2018
9/03/2018
9/05/2018
9/07/2018
9/09/2018
9/11/2018
9/01/2019
9/03/2019
9/05/2019
9/07/2019
9/09/2019
9/11/2019
9/01/2020
9/03/2020
9/05/2020
9/07/2020
9/09/2020
9/11/2020
9/01/2021
Weekly ESC Creation
Rolling 3 Month Average Weekly Creation
Weighted Average Weekly Price (RHS)
100 Day Moving Average Spot Price (RHS)


Weekly Traded Spot Volume
250,000
200,000
150,000
100,000
50,000
0
1/01/1900
7/01/1900
13/01/1900
19/01/1900
25/01/1900
31/01/1900
6/02/1900
12/02/1900
18/02/1900
24/02/1900
1/03/1900
7/03/1900
13/03/1900
19/03/1900
25/03/1900
31/03/1900
6/04/1900
12/04/1900
18/04/1900
24/04/1900
30/04/1900
6/05/1900
12/05/1900
18/05/1900
24/05/1900
30/05/1900
5/06/1900
11/06/1900
17/06/1900
23/06/1900
29/06/1900
5/07/1900
11/07/1900
17/07/1900
23/07/1900
29/07/1900
4/08/1900
10/08/1900
16/08/1900
22/08/1900
28/08/1900
3/09/1900
9/09/1900
15/09/1900
21/09/1900
27/09/1900
3/10/1900
9/10/1900
15/10/1900
21/10/1900
27/10/1900
2/11/1900
8/11/1900
14/11/1900

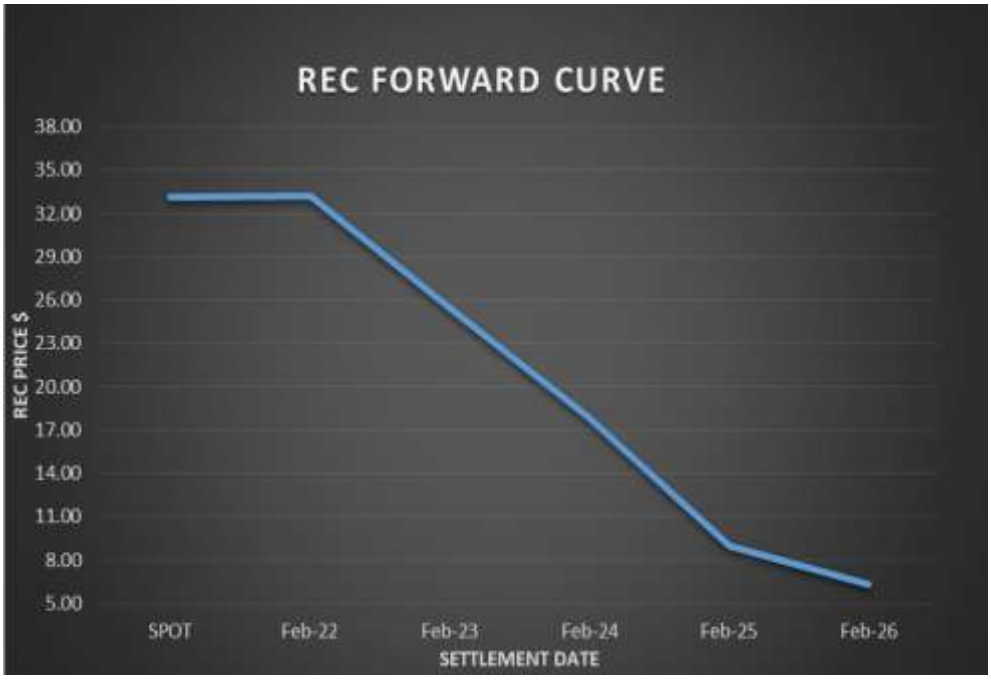
Renewable Energy Certificates

LGC prices fell again this week, most noticeably further out the forward curve.

Spot trading opened at $32.35, a fall of $1.65 from the last spot deal. The market rallied a little from there to reach a high of 33.75 in erratic trading but fell once more to close at $33.10 on turnover of 172,000 LGCs.

Calendar 2021 (February 2022 delivery) followed suit, opening at $33.50 and falling to a low of $32.25 before rallying to $33.75 and then closing at $33.25, a fall of 25 cents, on turnover of 310,000 certificates.

Calendar 2022 shed $1.25 to close at $25.50 on turnover of 170,000 LGCs. Calendar 2023 fell the most, losing $2.90 to close at $17.85 on turnover of 285,000 certificates. Calendar 2024 dropped $1.25, closing at $9.00 on volume of 130,000 LGCs and Calendar 2023 closed at $6.30, for a $1.70 fall on turnover of 75,000 certificates.



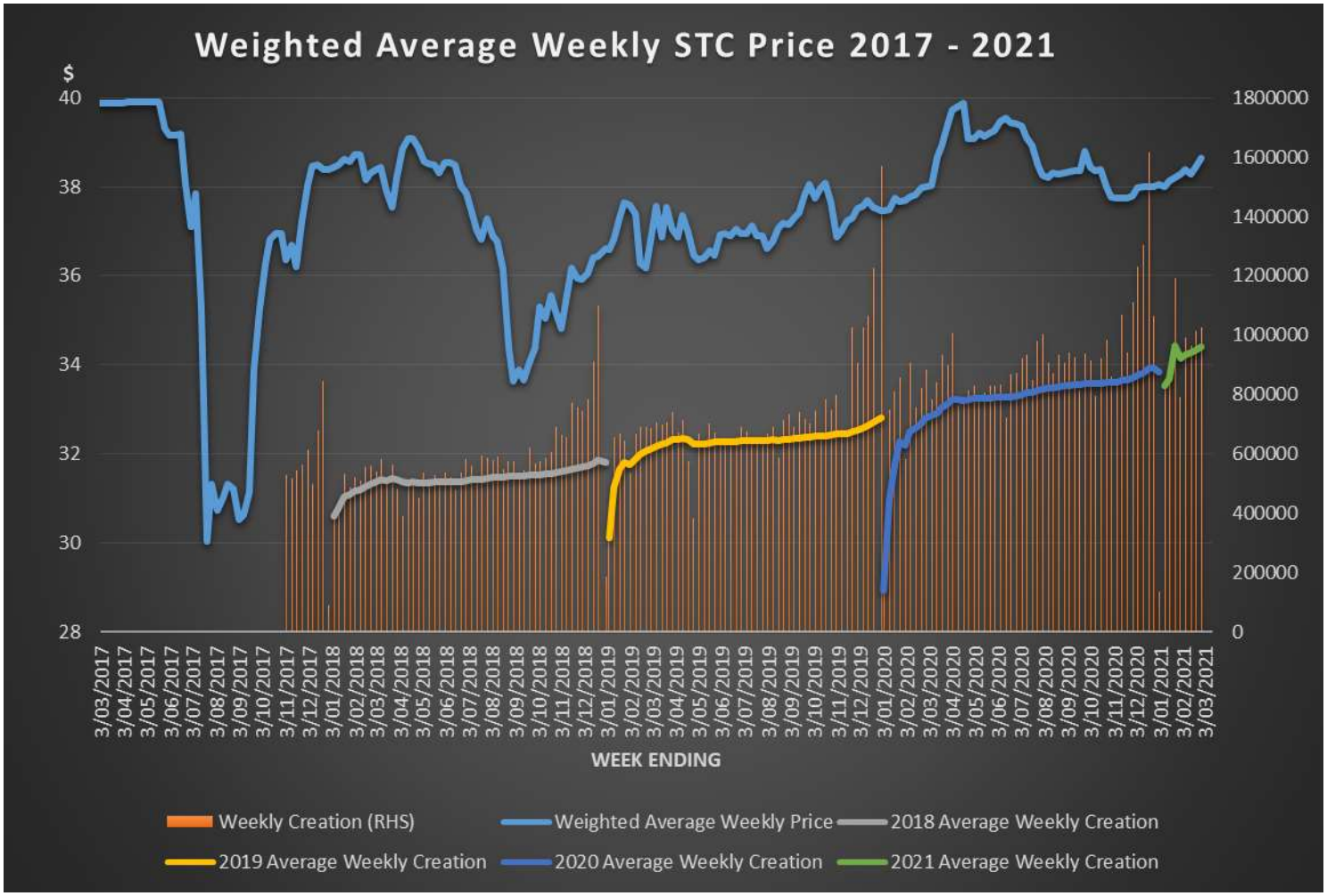
Small Technology Certificates (STC)

STC creation was again robust while market prices closed marginally higher.

STC registration hit another high for the year, coming in at 1.026 million this week.

Despite the supply, or perhaps because of it fueling expectations of a large surrender target for this year, the spot market for STCs remains bid up. The market opened at an unchanged $38.60 and traded at that level for most of the week before jumping to close at $38.70 on turnover of 305,000 STCs.

The forward market was active again with 467,000 certificates reported dealing for settlement from March this year to April 2023. Deals settling this year traded between $38.60 and $38.65 while those for 2022 dealt at $38.30. The trades settling in 2023 dealt at $38.50.



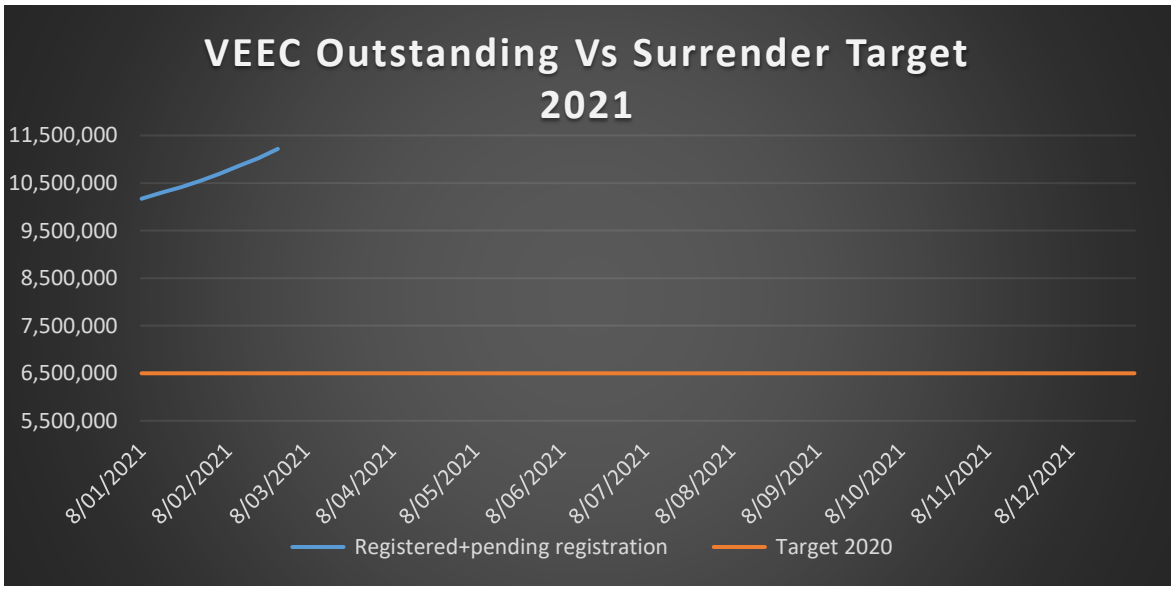
VIC VEECs

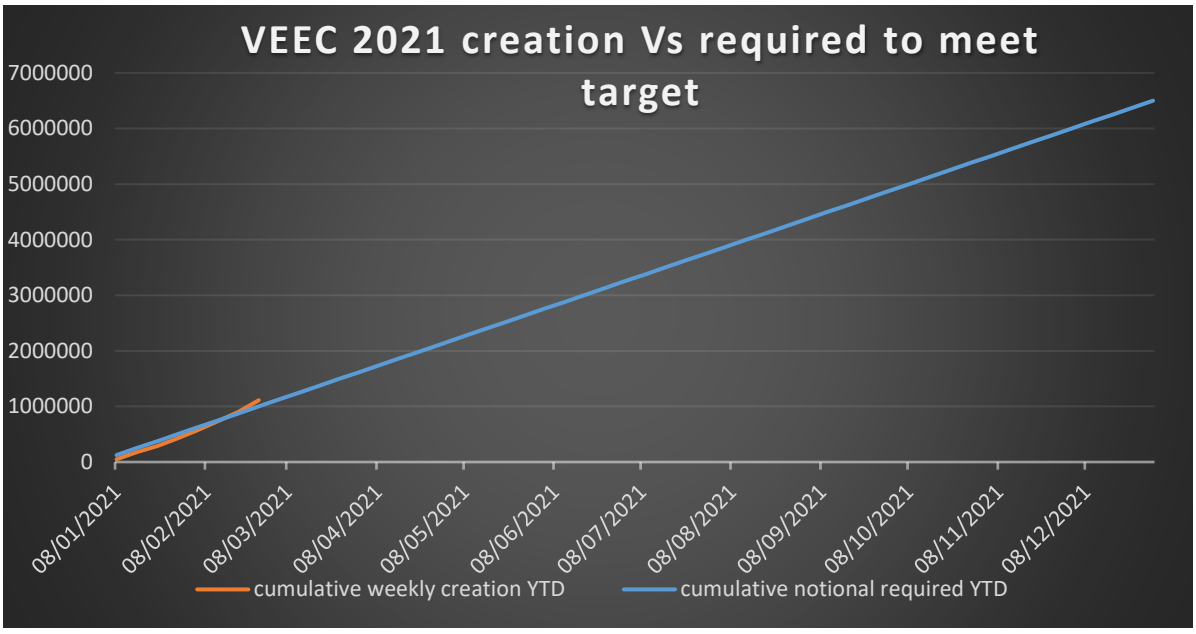
VEEC creation was strong again while certificate prices were little moved.

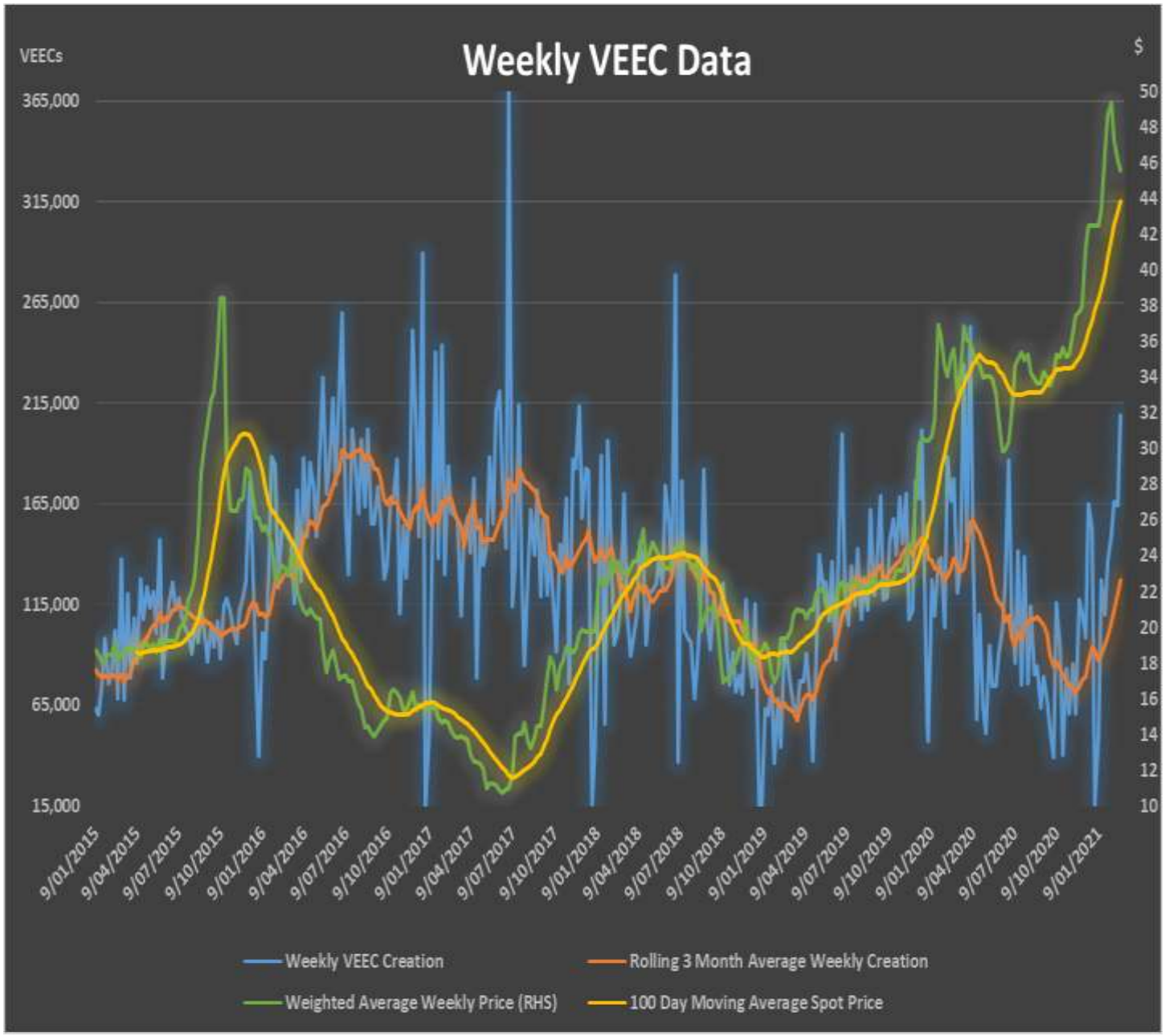
VEEC registration continues its post COVID recovery coming in this week at 208,800, the biggest weekly creation number since before the big panic.

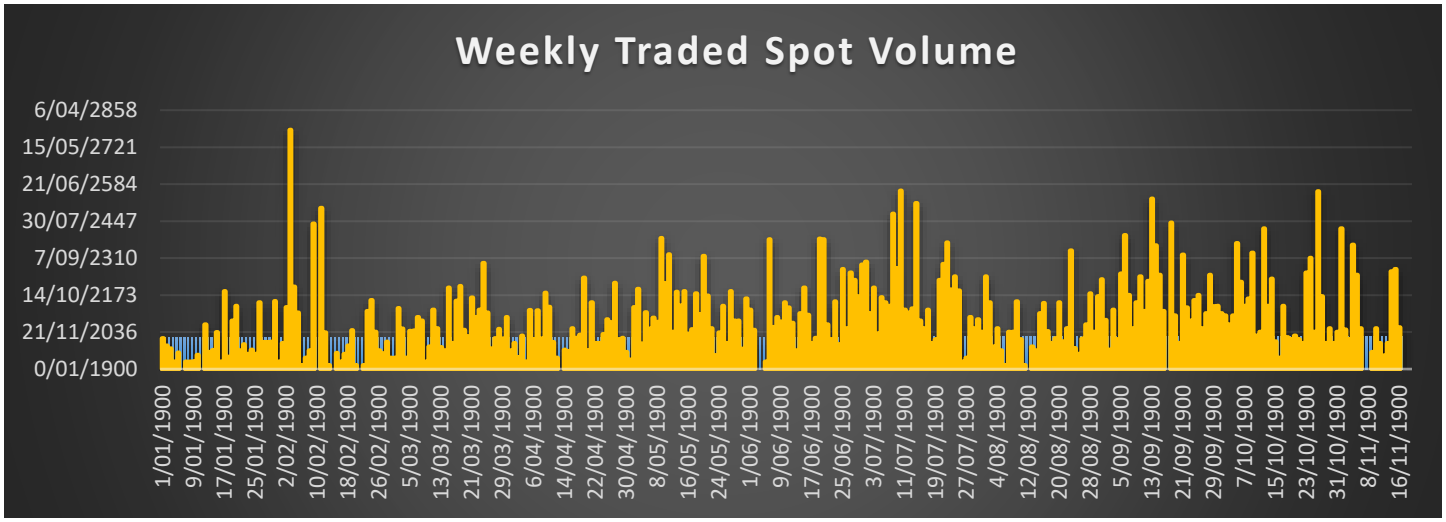
The spot market opened at $45.10, a drop of 5 cents, and initially rallied from there, reaching a high of $46.25. At that point the Essential Services Commission announced that they would be holding a conference call on Friday to discuss a government iniative to assist small business in achieving energy savings via the VEEC scheme. The potential for extra certificate generation caused the market to reverse and close at $45.50 on turnover of 56,000 VEECs.

In forward trading 308,000 certificates dealt for delivery from March this year to June 2022. Deals settling in the first half of 2021 traded broadly in line with the prevailing spot price while those for the second half gained a premium rising to around around 20 centsby year's end. The deals for 2022 were struck at $46.25 which was about $1.00 over the spot price at the time.









Demand Manager

PO Box Q1251 QVB Post Office NSW 1230

Suite 506, 66 Hunter Street, Sydney, NSW 2000

Phone +61292794704 www.demandmanager.com.au